(SHRI EDUARDO FALEIRO): (a) to (c) Reserve Bank of India (RBI) has reported that commercial banks are not permitted to lend in the money market if they are utilising refinance from Reserve Bank. This prescription is applied to discretionary and stand by facilities. However, towards the end of the last financial year some banks were reported to be utilising these refinance facilities and also lending in the money market. Such banks were cautioned to desist from lending in the money market. The banks were also warned that the continuance of refinance facilities to those violating this stipulation would be reviewed. At present, this stipulation is being scrupulously observed by all banks.

Performance of Foreign Banks vis-a-vis Nationalised Banks in the country

1990. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that according to a study conducted by Government, performance of foreign banks in the country has been much better than the nationalised banks in mobilisation of deposits and deployment of resources;

(b) if so, by what percentage the growth in deposits and advances of these foreign banks is higher as against the domestic banks durng 1988 as compared to 1987;

(c) what are the main reasons therefor; and

(d) what measures have been taken by Government to bring an overall improvement in the working of the nationalised banks so as to achieve better deposit growth rate and better deployment of resources?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) to (c) It would not be correct to compare the performance of foreign banks with those of nationalised banks in regard to deposit mobilisation and deployment of resources. Foreign banks rely considerably on prime corporate customers, non-fund business and law priority sector lendings, which not only carry low interest but are also comparatively more risky.

(d) To bring about alround improvement in the performance of banks several steps have been taken. Banks are implementing comprehensive time-bound action plans which are regularly monitored at the highest level in Reserve Bank of India. These action plans include measure:

(a) To expand training facilities where warranted.

(b) To strengthen the internal structure to ensure better supervision and control.

(c) To improve credit appraisal and quality of loan assets.

(d) To introduce new work technology on a selective basis and

(e) To improve recovery of bank dues, control costs, raise profitability and improve productivity.

In effect, the fulfilment of these action plans should lead to better customer service and improved financial viability of the Banking System in India.

Bank Financial Help to Oswal Agro Mills for Purchase of Union Carbide Plant at Chembur, Bombay

1991. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item which appeared in 'the Statesman' of the 24th April, 1989 regarding generous financial help provided by certain nationalised banks to Oswal Agro Mills, violatng all procedures and norms to help the Company to buy Union Carbide's Plant at Chembur, Bombay;

(b) if so, whether Government have made ny inquiry into the matter; and

(c) if the answer to part (b) above be in the affirmative, what is the outcome thereof?